

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name HOLLAND CHARTER TOWNSHIP	County OTTAWA
Fiscal Year End 12-31-05	Opinion Date 2-24-06	Date Audit Report Submitted to State 5-9-06	

We affirm that:

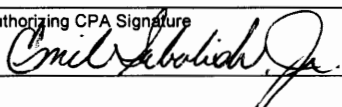
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No prior or current year's items	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) KIEKOVER, SCHOLMA & SHUMAKER, PC		Telephone Number 616-772-4615	
Street Address 205 EAST MAIN STREET		City ZEELAND	State MI
		Zip 49464	
Authorizing CPA Signature 		Printed Name EMIL SABOLISH, JR.	License Number 9304

ANNUAL FINANCIAL REPORT
HOLLAND CHARTER TOWNSHIP, MICHIGAN

For the Fiscal Year Ended December 31, 2005

BOARD OF TRUSTEES (ELECTED)

Supervisor	Terry Nienhuis
Clerk	Michael Dalman
Treasurer	Charles Kreun
Trustee	Joseph Baumann
Trustee	Vincent Bush
Trustee	Arlan Hossink
Trustee	Norman Nykamp

ADMINISTRATION (APPOINTED)

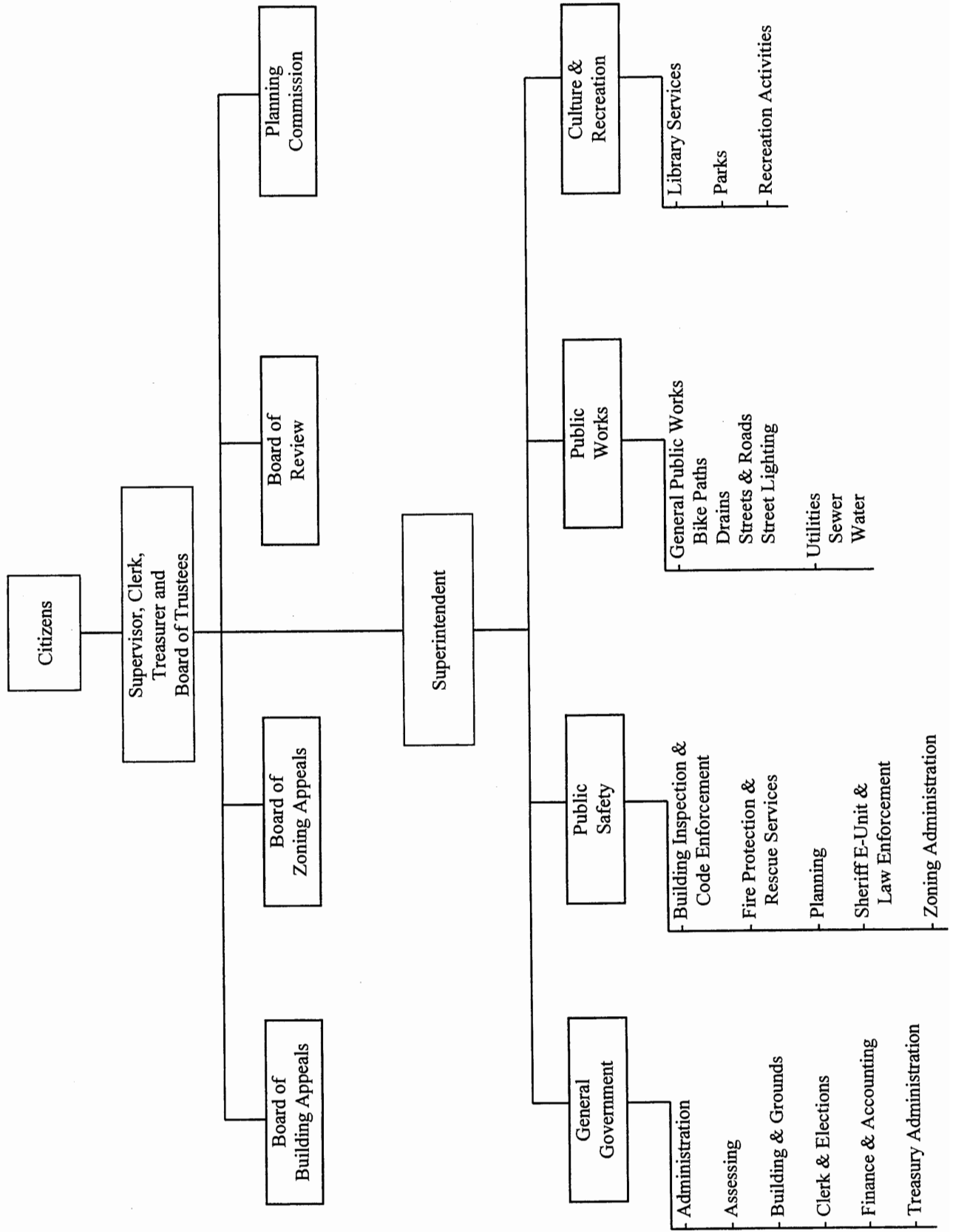
Superintendent	Willis Driesenga
Assistant Superintendent/Finance Director	Donald Komejan
Assessor	Howard Feyen
Building Official	Michael Winkler
Fire Chief	Douglas Van Hekken
Parks and Facilities Maintenance Director	Brian Leach
Parks and Recreation Director	Darrin Duisttermars
Planner/Zoning Administrator	Jon Mersman
Public Works Director	Tom Van Der Kolk

PREPARED BY
FINANCE DEPARTMENT

Donald Komejan – Finance Director

INDEPENDENT AUDITOR
Kiekoever, Scholma & Shumaker, PC
Zeeland, Michigan

Holland Charter Township Organizational Chart



Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2005

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	I
Management's Discussion and Analysis	II
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	4
Statement of Revenue, Expenditures and Changes in Fund Balances	5
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Proprietary Fund Financial Statements	
Statement of Net Assets	7
Statement of Revenue, Expenses and Changes in Net Assets	8
Statement of Cash Flows	9
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	10
Notes to Financial Statements	11
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	25
Budgetary Comparison Schedule – Quincy Park Fund	27
Budgetary Comparison Schedule – Jim Kaat Baseball Park Fund	28
Note to Required Supplementary Information	29

Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2005

TABLE OF CONTENTS

	Page
Supplemental Data	
Combining Balance Sheet – Nonmajor Governmental Funds	30
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	32
 STATISTICAL SECTION	
<u>Table</u>	
1 General Fund Revenues and Other Financing Sources And Expenditures and Other Uses by Function.....	34
2 Property Tax Levies and Collections.....	36
3 Assessed and Taxable Value of Property	37
4 Components of Assessed and Taxable Value of Property.....	38
5 Property Tax Rates Per \$1,000 State Equalized Valuation	39
6 Profile of Ten Largest Property Taxpayers	40
7 Computation of Legal Debt Margin	41
8 Ratio of Bonded Debt to State Equalized Value Per Capita	42
9 Computation of Direct and Overlapping Bonded Debt	43
10 Property Value and Construction	44
11 Tax Information	45
12 General Statistical Data.....	47

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

February 24, 2006

Township Board
Holland Charter Township, Michigan
Holland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Holland Charter Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2006, on our consideration of Holland Charter Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages II through VIII and 25 through 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holland Charter Township, Michigan basic financial statements. The combining nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kiekoover, Scholma & Shumaker, PC

Holland Charter Township, Michigan

Management's Discussion and Analysis

As management of Holland Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Holland Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$138,755,421 (*net assets*). Of this amount, \$43,800,655 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$7,057,447. Capital assets increased by \$8,498,127, while restricted net assets decreased by \$525,529, and unrestricted net assets decreased by \$915,151.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$11,909,434, a decrease of \$326,709 in comparison with the prior year. Approximately 91% of this total amount, \$10,790,236 is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,988,029 or 56% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$1,445,000 (15%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Holland Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer term view of the Township's finances and whether taxpayers have funded the full cost of providing government services. The first two statements are government-wide and include the following:

- The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.
- The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and state shared revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of Holland Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and recreation and culture. The business-type activities of the Township consists of water and wastewater disposal systems.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Holland Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Holland Charter Township maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Quincy Park Fund, and Jim Kaat Baseball Park Fund, which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its major funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

Proprietary funds. Holland Charter Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and wastewater disposal systems.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the three components of the water and wastewater disposal systems: Water Operating, Wastewater Operating, and Water and Wastewater Construction and Debt Service, all of which are considered to be major funds of Holland Charter Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, in which the Township acts solely as trustee or agent. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Holland Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-24 of this report.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Township's General Fund, Quincy Park Fund, and Jim Kaat Baseball Park Fund. Required supplementary information can be found on pages 25-29 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 30-33 of this report.

Immediately following the combining fund statements is a statistical section, which provides certain information pertaining to government revenues, expenditures, tax revenues and collections, demographic, and other statistical data.

Financial Analysis of the Township as a Whole

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Holland Charter Township, assets exceeded liabilities by \$138.8 million at the close of the fiscal year ended December 31, 2005.

The largest portion of the Township's net assets (68%) reflects its investment in capital assets. The Township uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of the Township totaled \$1.12 million and are reported in the governmental activities. These net assets have limits on their use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for E-unit and police services and construction code activities. The remaining unrestricted net assets (\$43.8 million) may be used to meet the Township's ongoing operations.

The following table shows, in a condensed format, the net assets of Holland Charter Township as of December 31, 2005 and 2004.

TABLE 1 - Holland Charter Township's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 21,414,391	\$ 20,368,211	\$ 33,285,616	\$ 34,118,466	\$ 54,700,007	\$ 54,486,677
Capital assets	32,620,785	28,454,053	69,648,783	66,762,388	102,269,568	95,216,441
Total assets	54,035,176	48,822,264	102,934,399	100,880,854	156,969,575	149,703,118
Long-term debt outstanding	310,000	375,000	8,124,000	9,504,000	8,434,000	9,879,000
Other liabilities	8,230,455	7,748,566	1,549,699	377,578	9,780,154	8,126,144
Total liabilities	8,540,455	8,123,566	9,673,699	9,881,578	18,214,154	18,005,144
Net assets:						
Invested in capital assets, net of related debt	32,310,785	28,079,053	61,524,783	57,258,388	93,835,568	85,337,441
Restricted	1,119,198	1,644,727	-	-	1,119,198	1,644,727
Unrestricted	12,064,738	10,974,918	31,735,917	33,740,888	43,800,655	44,715,806
Total net assets	\$ 45,494,721	\$ 40,698,698	\$ 93,260,700	\$ 90,999,276	\$ 138,755,421	\$ 131,697,974

As shown in Table 2 (changes in net assets), the Township's total revenues were approximately \$25.1 million for the current year, of which 29.4% was obtained from property taxes. Fees charged for services accounted for another 38.3% of the total, State shared revenues 8.6%, operating grants and contributions 1.6%, and capital grants and contributions (mostly in the form of federal grants, private contributions, water and wastewater hook-ups, and developer contributions of systems) another 16.8%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services at December 31, 2005 was \$18.1 million. Township expenses cover a wide range of services. For the current fiscal year, about 21.2% of the Township's expenses related to public safety and public works and 52.0% related to the provision of water and wastewater services.

Net assets increased by \$4.8 million for the Township's governmental activities. This increase accounted for 68.0% of the total growth in net assets for the year. Net assets for business-type activities increased by \$2.3 million during the year, accounting for the remaining 32.0% increase. The majority of this increase is attributable to improvements to the water and wastewater distribution systems.

The following analysis highlights the changes in net assets for the years ended December 31, 2005 and 2004:

TABLE 2 - Holland Charter Township's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program revenues						
Charges for services	\$ 824,791	\$ 766,045	\$ 8,818,636	\$ 8,016,872	\$ 9,643,427	\$ 8,782,917
Operating grants and contributions	406,235	-	-	-	406,235	-
Capital grants and contributions	2,276,576	-	1,932,587	5,533,061	4,209,163	5,533,061
General revenues						
Property taxes	7,376,890	7,124,252	-	-	7,376,890	7,124,252
State shared revenues	2,150,563	2,156,210	-	-	2,150,563	2,156,210
Interest	368,920	311,431	907,708	899,067	1,276,628	1,210,498
Loss on sale of capital assets	(3,557)	-	-	-	(3,557)	-
Other revenue	64,693	30,779	-	162,826	64,693	193,605
Total revenues	13,465,111	10,388,717	11,658,931	14,611,826	25,124,042	25,000,543
Program expenses						
General government	1,143,658	1,172,950	-	-	1,143,658	1,172,950
Public safety	2,183,948	2,162,566	-	-	2,183,948	2,162,566
Public works	1,643,072	1,456,443	-	-	1,643,072	1,456,443
Community and economic development	676,862	230,607	-	-	676,862	230,607
Recreation and culture	2,818,466	2,707,767	-	-	2,818,466	2,707,767
Other	203,082	187,823	-	-	203,082	187,823
Water and wastewater	-	-	9,397,507	8,199,454	9,397,507	8,199,454
Total expenses	8,669,088	7,918,156	9,397,507	8,199,454	18,066,595	16,117,610
Change in net assets	\$ 4,796,023	\$ 2,470,561	\$ 2,261,424	\$ 6,412,372	\$ 7,057,447	\$ 8,882,933

Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 4, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2005 consist of the General Fund, the Quincy Park Fund and the Jim Kaat Baseball Park Fund.

Total revenue sources for fiscal year 2005 increased by \$2,158,897 or 20.7%. The most significant increases were of a one-time nature relative to infrastructure projects. Intergovernmental grants increased by \$973,735. Other revenues increased by \$818,834, including an increase of \$755,398 in private contributions for the infrastructure projects. Property tax revenues increased by \$255,310 or 3.6%. State shared revenues increased slightly by \$26,076 or 1.2%. Operating transfers in increased by \$1,525,000 to provide working capital and funding for infrastructure projects.

Expenditures for general government functions increased in 2005 by \$3,818,909 or 42%. The most significant increases were of a one-time nature for infrastructure projects, including capital outlay increases of \$3,489,588.

In 2005, the Township contracted with Pierce Manufacturing, Inc. to build a new heavy duty emergency rescue truck at a cost of \$452,808. The Township took delivery on the new rescue vehicle in early February 2006. It replaces the department's 1991 medium duty rescue vehicle. The Township operates eight fire fighting vehicles in addition to its rescue vehicle.

Also in 2005, the Township participated in an analysis of its structure fire suppression delivery system, including its water storage and distribution capabilities and its fire protection and suppression service capabilities. The recent Public Protection Classification (PPC) survey conducted by the Insurance Services Office, Inc. (ISO) resulted in an improved PPC rating of Class 4, which indicates the Township's strong commitment to service the needs of its property owners and residents. Most insurers use the PPC classifications for underwriting and to calculate premiums for residential, commercial and industrial properties. The PPC classifications are placed within a range of 1 to 10, with Class 1 being the best rating and Class 10 being the lowest rating.

During 2005, the Township purchased a 1.25 acre parcel of private property adjoining its 20-acre Dunton Park on Lake Macatawa at a cost of \$259,427. The Township received a \$129,500 contribution from the Community Foundation of the Holland/Zeland Area to assist with the acquisition of this property.

Also in 2005, the Township constructed two separate little league baseball complexes. The \$1.6 million 4-field baseball complex constructed at Quincy Park will support the Williamsport Little League Baseball program for the youngsters in the West Ottawa school district beginning in 2006. A federal National Park Service grant of \$500,000 was awarded through the Michigan DNR to assist the Township with constructing this project. The \$1.6 million 3-field Jim Kaat Baseball Park was constructed at Helder Park and will support the Williamsport Little League Baseball program for the youngsters in the Zeeland school district beginning in 2006. This project is funded by contributions and capital investments from local businesses, individuals, Holland Charter Township and Zeeland Public Schools.

The Township expended approximately \$814,857 for construction of various road and intersection improvements. In addition, the Township constructed additional bike paths and sidewalks at a cost of approximately \$1,002,196 and \$206,130 for various drain system improvements during fiscal year 2005. These public works improvements were financed by General Fund appropriations.

The December 31, 2005 fund balance of the General Fund is \$6,954,174 of which \$5,988,029 is unreserved. The unreserved fund balance increased slightly by \$11,713 from the prior year. The \$5,988,029 unreserved fund balance is approximately 54% of the 2005 budgeted expenditures and operating transfers to other funds, which is \$11,130,500.

Proprietary Funds – Holland Charter Township’s proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township’s proprietary funds are comprised of the water and wastewater utilities. Water and wastewater user rates were not increased in fiscal year 2005.

Combined operating revenues for the water and wastewater systems funds increased in fiscal year 2005 by \$801,764 from \$8,016,872 to \$8,818,636. Revenues from water sales were up \$666,042 from 2004 due to the hot, dry spring and summer weather, which significantly increased water consumed for irrigation purposes. Combined operating expenses for these funds, excluding depreciation, increased in fiscal year 2005 by \$1,147,016 from \$5,524,017 to \$6,671,033. At year-end, the Township utility system served 10,922 water accounts and 11,453 wastewater accounts, which reflects an increase from the prior year of 3.3% and 3.1% respectively.

During fiscal year 2005, the Township added \$5.1 million of new plant and equipment to its water and wastewater systems. Some of the significant system improvement projects include: 1) rehabilitation of 11,000 feet of deteriorated 24” and 30” diameter concrete sanitary sewer pipe and 40 sewer manholes with cured-in-place corrosion-resistant liner at a cost of \$1.9 million; 2) extension of the sanitary sewer collection and water distribution system on 120th Avenue, 124th Avenue and New Holland Street at a cost of \$1.3 million; 3) the addition of 8,293 feet of sanitary sewer collection pipe and 11,089 feet of water distribution pipe by means of new residential and commercial development projects constructed and contributed by developers at a cost of \$941,140.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The budget for total revenues was increased by \$308,000 and actual total revenues exceeded the final amended budget by \$167,816. The budget for total expenditures was decreased by \$357,000, and actual total expenditures were less than the final amended budget by \$452,396. The budget for operating transfers out to various Special Revenue and Capital Projects Funds was increased by \$1,855,000 to provide grant project working capital and local match funds for infrastructure expenditures. The General Fund’s fund balance decreased by \$531,788 from \$7,485,962 a year ago to \$6,954,174 at December 31, 2005.

Capital Asset and Debt Administration

At the end of 2005, the Township had \$102,269,568 (net of depreciation) invested in a broad range of capital assets, including buildings, fire equipment, park land and improvements, bike paths, roads, drains, and water and sewer lines. The Township’s investment in roads and drains within the Township are recorded as intangible assets (shared street improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

At December 31, 2005, the Township had \$8,434,000 of long-term contractual obligations and bonded debt outstanding after repayments of \$1,445,000 during the year. These long-term debt obligations are scheduled to mature serially through fiscal year 2018.

Economic Factors and Next Year’s Budgets and Rates

The Township’s budget for 2006 continues the overall property tax rate at 6.3 mills. This is accomplished by means of the combination of tax base growth and reduced capital project expenditures. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

The 2006 budget sets forth a less extensive plan for General Governmental Funds capital asset additions than the \$5.9 million accomplished in 2005. Preliminary plans are being considered for construction of two additional soccer fields at Helder Park and upgrade/replacement of older sections of boardwalk at Dunton Park.

The Township plans to continue maintenance and improvement of its general infrastructure, including annual improvements to roads, drains, and bike paths. The 2006 budget provides for about \$2.2 million in General Fund appropriations for these initiatives.

As of December 31, 2005, the Township served 10,922 water and 11,453 wastewater customers, having added 353 water customers and 347 wastewater customers in 2005. As the customer base continues to grow, the Township plans over \$4.5 million of capital improvements in 2006 to its water and wastewater systems, including water and sewer main extensions and replacements, sewer lift station improvements, and vehicle and equipment replacements. The Township is currently participating in discussions with neighboring Zeeland City about participation in a possible wastewater treatment plant expansion with the City and neighboring townships paying proportionate expansion costs based on estimated flows to the plant.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance director.

Basic Financial Statements

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
December 31, 2005

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$14,150,462	\$27,251,655	\$ 41,402,117
Receivables:			
Taxes	5,308,468	-	5,308,468
Accounts	930,317	816,627	1,746,944
Interest	93,076	172,592	265,668
Due from other governments	932,068	766	932,834
Inventories	-	72,954	72,954
Prepaid items	-	16,414	16,414
Assessments receivable	-	4,807,125	4,807,125
Deferred charges	-	147,483	147,483
Capital assets	<u>32,620,785</u>	<u>69,648,783</u>	<u>102,269,568</u>
 Total Assets	 <u>54,035,176</u>	 <u>102,934,399</u>	 <u>156,969,575</u>
LIABILITIES			
Accounts payable	410,247	1,568,599	1,978,846
Accrued payroll	68,280	38,672	106,952
Compensated absences payable	134,182	109,092	243,274
Due to other governments	-	65,889	65,889
Deferred revenue	7,617,746	34,880	7,652,626
Noncurrent liabilities:			
Due within one year	70,000	1,390,500	1,460,500
Deferred refunding gain (loss)	-	(267,433)	(267,433)
Due in more than one year	<u>240,000</u>	<u>6,733,500</u>	<u>6,973,500</u>
 Total Liabilities	 <u>8,540,455</u>	 <u>9,673,699</u>	 <u>18,214,154</u>
NET ASSETS			
Invested in capital assets, net of related debt	32,310,785	61,524,783	93,835,568
Restricted for:			
E-unit and police services	966,145	-	966,145
Construction code activities	153,053	-	153,053
Unrestricted	<u>12,064,738</u>	<u>31,735,917</u>	<u>43,800,655</u>
 Total Net assets	 <u>\$45,494,721</u>	 <u>\$93,260,700</u>	 <u>\$138,755,421</u>

Holland Charter Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2005

Function/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 1,143,658	\$ 99,838	\$ -	\$ -
Public safety	2,183,948	521,405	-	-
Public works	1,643,072	-	-	157,500
Community and economic development	676,862	22,749	406,235	-
Recreation and culture	2,818,466	180,799	-	2,119,076
Other	203,082	-	-	-
Total governmental activities	8,669,088	824,791	406,235	2,276,576
Business-type activities:				
Water and wastewater	9,397,507	8,818,636	-	1,932,587
Total Primary Government	<u>\$18,066,595</u>	<u>\$ 9,643,427</u>	<u>\$ 406,235</u>	<u>\$ 4,209,163</u>

General revenues:
 Property taxes
 State shared revenues
 Interest
 Loss on sale of capital assets
 Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (1,043,820)	\$ -	\$ (1,043,820)
(1,662,543)	-	(1,662,543)
(1,485,572)	-	(1,485,572)
(247,878)	-	(247,878)
(518,591)	-	(518,591)
(203,082)	-	(203,082)
<u>(5,161,486)</u>	-	<u>(5,161,486)</u>
 -	 1,353,716	 1,353,716
<u>(5,161,486)</u>	<u>1,353,716</u>	<u>(3,807,770)</u>
 7,376,890	 -	 7,376,890
2,150,563	-	2,150,563
368,920	907,708	1,276,628
(3,557)	-	(3,557)
64,693	-	64,693
<u>9,957,509</u>	<u>907,708</u>	<u>10,865,217</u>
 4,796,023	 2,261,424	 7,057,447
<u>40,698,698</u>	<u>90,999,276</u>	<u>131,697,974</u>
<u>\$45,494,721</u>	<u>\$93,260,700</u>	<u>\$138,755,421</u>

Holland Charter Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

	General Fund	Quincy Park Fund	Jim Kaat Baseball Park Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,232,153	\$ 628,245	\$ 393,584	\$ 3,896,480	\$ 14,150,462
Receivables:					
Taxes	5,308,468	-	-	-	5,308,468
Accounts	46,639	-	-	10,000	56,639
Interest	63,217	7,317	-	22,542	93,076
Due from other governments	368,038	15,706	-	147,500	531,244
 Total Assets	 <u>\$ 15,018,515</u>	 <u>\$ 651,268</u>	 <u>\$ 393,584</u>	 <u>\$ 4,076,522</u>	 <u>\$ 20,139,889</u>
LIABILITIES					
Accounts payable	\$ 287,253	\$ -	\$ 107,299	\$ 15,695	\$ 410,247
Accrued payroll	56,357	-	-	11,923	68,280
Compensated absences payable	102,985	-	-	31,197	134,182
Deferred revenue	7,617,746	-	-	-	7,617,746
 Total Liabilities	 <u>8,064,341</u>	 <u>-</u>	 <u>107,299</u>	 <u>58,815</u>	 <u>8,230,455</u>
FUND BALANCES					
Reserved:					
E-unit and police services	966,145	-	-	-	966,145
Construction code activities	-	-	-	153,053	153,053
Unreserved-reported in:					
General Fund	5,988,029	-	-	-	5,988,029
Special Revenue Funds	-	651,268	286,285	1,711,922	2,649,475
Capital Projects Funds	-	-	-	2,152,732	2,152,732
 Total Fund Balances	 <u>6,954,174</u>	 <u>651,268</u>	 <u>286,285</u>	 <u>4,017,707</u>	 11,909,434
 Total Liabilities and Fund Balances	 <u>\$ 15,018,515</u>	 <u>\$ 651,268</u>	 <u>\$ 393,584</u>	 <u>\$ 4,076,522</u>	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

General capital assets	18,168,369
Infrastructure assets	14,452,416

Grants and contributions receivable are not available to pay for current expenditures and are therefore deferred in the funds	923,678
---	---------

State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	350,824
---	---------

Long term liabilities are not due and payable in the current period and are not reported in the funds	(310,000)
---	-----------

Net Assets of Governmental Activities	<u>\$45,494,721</u>
---------------------------------------	---------------------

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2005

	General Fund	Quincy Park Fund	Jim Kaat Baseball Park Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 7,364,490	\$ -	\$ -	\$ -	\$ 7,364,490
Licenses and permits	68,129	-	-	461,678	529,807
Grants	-	450,000	-	553,735	1,003,735
State shared revenues	2,183,241	-	-	-	2,183,241
Local unit contributions	12,400	-	-	-	12,400
Charges for services	100,116	-	-	97,290	197,406
Interest and rent	259,727	19,702	6,692	82,799	368,920
Other	158,213	-	615,898	144,459	918,570
Total Revenues	<u>10,146,316</u>	<u>469,702</u>	<u>622,590</u>	<u>1,339,961</u>	<u>12,578,569</u>
Expenditures:					
Current:					
General government	1,007,535	-	-	27,644	1,035,179
Public safety	1,552,712	-	-	443,451	1,996,163
Public works	2,531,833	-	-	-	2,531,833
Community and economic development	253,892	-	-	422,970	676,862
Recreation and culture	2,412,459	-	-	76,755	2,489,214
Other	144,673	-	-	58,409	203,082
Capital outlay	-	1,483,111	1,536,305	953,529	3,972,945
Total Expenditures	<u>7,903,104</u>	<u>1,483,111</u>	<u>1,536,305</u>	<u>1,982,758</u>	<u>12,905,278</u>
Excess of Revenues Over (Under) Expenditures	<u>2,243,212</u>	<u>(1,013,409)</u>	<u>(913,715)</u>	<u>(642,797)</u>	<u>(326,709)</u>
Other Financing Sources (Uses):					
Transfers in	-	200,000	1,200,000	1,375,000	2,775,000
Transfers out	(2,775,000)	-	-	-	(2,775,000)
Total Other Financing Sources (Uses)	<u>(2,775,000)</u>	<u>200,000</u>	<u>1,200,000</u>	<u>1,375,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(531,788)</u>	<u>(813,409)</u>	<u>286,285</u>	<u>732,203</u>	<u>(326,709)</u>
Fund Balances - January 1	<u>7,485,962</u>	<u>1,464,677</u>	<u>-</u>	<u>3,285,504</u>	<u>12,236,143</u>
Fund Balances - December 31	<u>\$ 6,954,174</u>	<u>\$ 651,268</u>	<u>\$ 286,285</u>	<u>\$ 4,017,707</u>	<u>\$11,909,434</u>

Holland Charter Township, Michigan
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 Year Ended December 31, 2005

Net change in fund balances-Total Governmental Funds \$ (326,709)

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	3,928,004
Current year capital outlays capitalized - infrastructure capital assets	2,023,183
Current year depreciation expense on capitalized assets	(1,779,998)

Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net assets differs from the change in fund balance by the net book value of assets disposed (4,457)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

Grants and contributions	923,678
State shared revenues	(32,678)

Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 65,000

Change in net assets of governmental activities \$ 4,796,023

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2005

	Enterprise Funds			
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 6,812,558	\$ 6,224,317	\$14,214,780	\$27,251,655
Receivables:				
Accounts	385,559	431,068	-	816,627
Interest	39,660	41,642	91,290	172,592
Due from other governments	236	530	-	766
Inventories	72,954	-	-	72,954
Prepaid items	8,207	8,207	-	16,414
Total Current Assets	<u>7,319,174</u>	<u>6,705,764</u>	<u>14,306,070</u>	<u>28,331,008</u>
Noncurrent Assets:				
Assessments receivable	-	-	4,807,125	4,807,125
Deferred charges	-	-	147,483	147,483
Capital assets	<u>3,300,835</u>	<u>4,386,199</u>	<u>61,961,749</u>	<u>69,648,783</u>
Total Noncurrent Assets	<u>3,300,835</u>	<u>4,386,199</u>	<u>66,916,357</u>	<u>74,603,391</u>
Total Assets	<u>10,620,009</u>	<u>11,091,963</u>	<u>81,222,427</u>	<u>102,934,399</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	480,549	1,086,396	1,654	1,568,599
Accrued payroll	22,796	15,876	-	38,672
Compensated absences payable	50,299	58,793	-	109,092
Due to other governments	-	65,889	-	65,889
Current portion of long-term debt	-	-	1,390,500	1,390,500
Total Current Liabilities	<u>553,644</u>	<u>1,226,954</u>	<u>1,392,154</u>	<u>3,172,752</u>
Noncurrent Liabilities:				
Deferred revenue	34,880	-	-	34,880
Deferred refunding gain (loss)	-	-	(267,433)	(267,433)
Long-term debt	-	-	6,733,500	6,733,500
Total Noncurrent Liabilities	<u>34,880</u>	<u>-</u>	<u>6,466,067</u>	<u>6,500,947</u>
Total Liabilities	<u>588,524</u>	<u>1,226,954</u>	<u>7,858,221</u>	<u>9,673,699</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,300,835	4,386,199	53,837,749	61,524,783
Unrestricted, designated for capital projects	-	-	19,526,457	19,526,457
Unrestricted, undesignated	<u>6,730,650</u>	<u>5,478,810</u>	<u>-</u>	<u>12,209,460</u>
Total Net Assets	<u>\$10,031,485</u>	<u>\$ 9,865,009</u>	<u>\$73,364,206</u>	<u>\$93,260,700</u>

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2005

	Enterprise Funds			
	Water	Wastewater	Water and Wastewater Construction and Debt Service	Total
	Operating	Operating		
Operating Revenues:				
Water sales	\$ 4,981,692	\$ -	\$ -	\$ 4,981,692
Sewage disposal service	-	3,497,459	-	3,497,459
Other revenues	218,508	85	120,892	339,485
Total Operating Revenues	<u>5,200,200</u>	<u>3,497,544</u>	<u>120,892</u>	<u>8,818,636</u>
Operating Expenses:				
Cost of water	3,006,597	-	-	3,006,597
Water connections	190,031	-	-	190,031
Cost of sewage disposal	-	1,455,537	-	1,455,537
Operation and maintenance	813,812	630,957	-	1,444,769
General and administrative	295,398	272,505	6,196	574,099
Depreciation	154,248	166,639	1,892,383	2,213,270
Total Operating Expenses	<u>4,460,086</u>	<u>2,525,638</u>	<u>1,898,579</u>	<u>8,884,303</u>
Operating Income (Loss)	<u>740,114</u>	<u>971,906</u>	<u>(1,777,687)</u>	<u>(65,667)</u>
Nonoperating Revenues (Expenses)				
Interest income	138,079	143,485	626,144	907,708
Interest expense	-	-	(513,204)	(513,204)
Total Nonoperating Revenues (Expenses)	<u>138,079</u>	<u>143,485</u>	<u>112,940</u>	<u>394,504</u>
Income Before Contributions and Transfers	878,193	1,115,391	(1,664,747)	328,837
Capital contributions	-	-	1,932,587	1,932,587
Transfers in	-	-	1,020,000	1,020,000
Transfers out	<u>(395,000)</u>	<u>(625,000)</u>	<u>-</u>	<u>(1,020,000)</u>
Change in Net Assets	483,193	490,391	1,287,840	2,261,424
Net Assets - January 1	<u>9,548,292</u>	<u>9,374,618</u>	<u>72,076,366</u>	<u>90,999,276</u>
Net Assets - December 31	<u>\$10,031,485</u>	<u>\$9,865,009</u>	<u>\$73,364,206</u>	<u>\$93,260,700</u>

Holland Charter Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2005

	Enterprise Funds			
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 5,007,379	\$ 3,479,736	\$ 120,892	\$ 8,608,007
Payments to suppliers	(3,618,871)	(961,014)	(6,196)	(4,586,081)
Payments to employees	(500,031)	(393,439)	-	(893,470)
Other receipts (payments)	218,508	85	-	218,593
Net Cash Provided By Operating Activities	<u>1,106,985</u>	<u>2,125,368</u>	<u>114,696</u>	<u>3,347,049</u>
Cash Flows From Noncapital Financing Activities:				
Transfers from/to other funds	<u>(395,000)</u>	<u>(625,000)</u>	<u>1,020,000</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	-	-	1,273,940	1,273,940
Construction and purchase of capital assets	(204,538)	(1,948,482)	(2,074,787)	(4,227,807)
Principal paid on capital debt	-	-	(1,380,000)	(1,380,000)
Interest paid on capital debt	-	-	(441,139)	(441,139)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(204,538)</u>	<u>(1,948,482)</u>	<u>(2,621,986)</u>	<u>(4,775,006)</u>
Cash Flows From Investing Activities:				
Interest received on investments	<u>125,670</u>	<u>132,254</u>	<u>607,274</u>	<u>865,198</u>
Net Increase in Cash and Investments	633,117	(315,860)	(880,016)	(562,759)
Cash and Investments - January 1	<u>6,179,441</u>	<u>6,540,177</u>	<u>15,094,796</u>	<u>27,814,414</u>
Cash and Investments - December 31	<u>\$ 6,812,558</u>	<u>\$ 6,224,317</u>	<u>\$14,214,780</u>	<u>\$27,251,655</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating income (loss)	\$ 740,114	\$ 971,906	\$(1,777,687)	\$ (65,667)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	154,248	166,639	1,892,383	2,213,270
Change in assets and liabilities:				
Receivables	23,155	(17,723)	-	5,432
Other assets	(12,458)	33,548	-	21,090
Accounts payable	194,239	953,014	-	1,147,253
Accrued and other liabilities	7,687	17,984	-	25,671
Net Cash Provided By Operating Activities	<u>\$ 1,106,985</u>	<u>\$ 2,125,368</u>	<u>\$ 114,696</u>	<u>\$ 3,347,049</u>
Noncash capital financing activities:				
Contribution of capital assets from developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 941,140</u>	<u>\$ 941,140</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2005

	Agency Fund Type	
	Tax Collection	Escrow Deposit
ASSETS		
Cash and investments	\$ 1,781,396	\$ 5,523
Accounts receivable	3,444	-
Accrued interest receivable	<u>-</u>	<u>34</u>
 Total Assets	 <u>\$ 1,784,840</u>	 <u>\$ 5,557</u>
 LIABILITIES		
Accounts payable	\$ 119,273	\$ -
Due to other governments	1,665,567	-
Deferred revenue	<u>-</u>	<u>5,557</u>
 Total Liabilities	 <u>\$ 1,784,840</u>	 <u>\$ 5,557</u>

Holland Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Holland Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Holland Charter Township:

A. Reporting Entity

The Charter Township of Holland is governed by an elected seven-member board of trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Economic Development Corporation (EDC) of the Charter Township of Holland is governed by a nine-member board of directors appointed by the township's board of trustees. The EDC promotes economic development within the township through various means including issuance of the Corporation's economic development revenue bonds to finance economic development projects, which require approval by the township's board of trustees. The EDC is reported as a special revenue fund.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Holland Charter Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the township and paid to the township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the township in the year received. Other revenue is recorded when received.

The township reports the following major governmental funds:

General Fund

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Quincy Park Fund

The Quincy Park Fund is used to account for grants, contributions, and township funds expended for acquisition, improvement and maintenance of Quincy Park.

Jim Kaat Baseball Park Fund

The Jim Kaat Baseball Park Fund is used to account for grants, contributions, and township funds expended for the construction of the Jim Kaat Baseball Park facility located at Helder Park.

The government reports the following major proprietary funds:

Water Operating Fund

This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Wyoming for storage and distribution to the township's customers, including portions of neighboring Park and Zeeland Townships.

Wastewater Operating Fund

This fund is used to account for the operation and maintenance of a wastewater collection system. The township owns a portion of the capacity of the Holland City Wastewater Treatment Plant, with whom the township contracts for wastewater treatment services.

Water and Wastewater Construction and Debt Service Fund

This fund is used to account for the construction of major water and wastewater systems improvements and additions, which may be financed by issuing bonds or by assessments charged to the benefiting properties. This fund also accounts for the fixed assets after construction and the accumulation of resources for and the payment of long-term debt resulting from such projects.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the township in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the township's water and sewer function and various other functions of the township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the township's investments. The following accounts are maintained on a separate basis outside of the combined cash management pool: petty cash and imprest cash accounts; the Tax Collection Fund; and an agency fund.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool. For various periods of time during the fiscal year, certain funds experienced negative daily cash balance positions in the pool; in which cases these same funds were charged with an allotted share of "negative investment earnings" directly correlating to the negative average daily balance participation in the pool.

2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

3. *Inventories and Prepaid Items.*

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Included in capital assets are the township’s investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	5-20
Water and Sewer Lines	20-50
Roads	10-30
Other Infrastructure	10-15
Vehicles	3-25
Office Equipment	5-20
Computer Equipment	3-5

5. *Compensated Absences.*

It is the township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested and accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability of the government-wide, governmental and proprietary fund financial statements. A liability is recognized for that portion of accumulating sick leave benefits (50%) that is estimated will be taken as “terminal leave” prior to retirement.

6. Long-Term Obligations.

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. Fund Equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned delinquent to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

Although the township's 2004 ad valorem tax is levied and collectible on December 1, 2004, it is the township's policy to recognize revenue from this levy in the year ended December 31, 2005, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2004 taxable equivalency valuation of the township totaled \$1,157,132,555 (\$1,094,092,741 ad valorem and \$63,039,814 abated property), on which taxes levied consisted of 3.619 mills for operating purposes, 1.341 mills for library services, 0.85 mills for E-unit services and 0.49 mills for bike paths. This resulted in \$4,187,623 for operating, \$1,551,653 for library services, \$983,549 for E-unit services and \$566,987 for bike paths. These amounts are recognized in the General Fund financial statements as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Investments	<u>\$ 14,150,462</u>	<u>\$ 27,251,655</u>	<u>\$ 1,786,919</u>	<u>\$ 43,189,036</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 7,860,606
Investments	<u>35,328,430</u>
Total	<u>\$ 43,189,036</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$7,565,624 of which \$300,000 was covered by federal depository insurance and \$7,265,624 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The township chooses to disclose its investments by utilizing the specific identification method. As of December 31, 2005 the township had the following investments.

US Government Agency Obligations	\$ 32,874,059
Money Market Accounts	2,399,618
Investment Pools	<u>54,753</u>
Total	<u>\$ 35,328,430</u>

The township's investment in US Government Agency Obligations at year end consists of:

Investment	Maturities	Fair Value	Investment	Maturities	Fair Value
Federal Home Loan Mtg Corp	04-28-06	\$ 1,191,000	Federal Home Loan Bank	07-17-08	\$ 1,963,760
Federal Home Loan Mtg Corp	07-07-06	986,880	Federal Home Loan Bank	05-14-07	1,089,221
Federal Home Loan Mtg Corp	11-03-08	996,570	Federal Home Loan Bank	11-27-06	983,750
Federal Home Loan Bank	10-13-06	1,078,341	Federal Home Loan Bank	12-15-06	978,750
Federal Home Loan Bank	12-26-06	981,560	Federal Home Loan Bank	03-30-09	1,002,190
Federal Home Loan Bank	02-09-07	978,750	Federal Home Loan Bank	06-10-08	991,250
Federal Home Loan Bank	10-18-07	976,880	Federal Home Loan Bank	07-08-08	989,380
Federal Home Loan Bank	12-12-07	2,021,177	Federal Home Loan Bank	08-18-09	987,190
Federal Home Loan Bank	12-26-07	972,500	Federal Home Loan Bank	05-15-09	2,466,400
Federal Home Loan Bank	09-24-08	994,060	Federal Home Loan Bank	12-12-08	999,690
Federal Home Loan Bank	10-28-08	975,940	Federal National Mtg Assoc	01-30-07	1,952,500
Federal Home Loan Bank	12-19-08	981,250	Federal National Mtg Assoc	07-30-07	1,935,000
Federal Home Loan Bank	11-03-08	490,780	Federal National Mtg Assoc	02-17-09	1,947,100
			Federal National Mtg Assoc	07-02-08	<u>962,190</u>
			Total		<u>\$32,874,059</u>

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The township has no investment policy that limits its investment choices beyond those required by state law. The township's investments in US Government Agency Obligations were rated AAA by Standard & Poor's.

At year end the township had \$2,399,618 in permissible money market funds and \$54,753 in permissible investment pools that are not separately rated.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the township will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The township has not adopted a policy for investment custodial credit risk. As of December 31, 2005, the township's investments were held by a third party in the township's name. The township's investments in money market accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the township has not adopted a formal policy on the amount the township may invest in any one issuer. More than 5% of the township's investments are in the Federal Home Loan Bank (64.8%), the Federal National Mortgage Association (19.2%), and the Federal Home Loan Mortgage Corporation (9.0%).

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Quincy Park	Enterprise			Non-major Funds	Agency	Total
			Water Operating	Wastewater Operating	Construction			
Receivables:								
Taxes	\$ 5,364,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,364,823
Accounts	46,639	-	385,559	431,068	-	10,000	3,444	876,710
Interest	63,217	7,317	39,660	41,642	91,290	22,542	34	265,702
Intergovernmental	368,038	15,706	236	530	-	147,500	-	532,010
Special assessments	-	-	-	-	4,807,125	-	-	4,807,125
Gross receivables	5,842,717	23,023	425,455	473,240	4,898,415	180,042	3,478	11,846,370
Allowance for uncollectibles	(56,355)	-	-	-	-	-	-	(56,355)
Net Total Receivables	<u>\$ 5,786,362</u>	<u>\$ 23,023</u>	<u>\$ 425,455</u>	<u>\$ 473,240</u>	<u>\$ 4,898,415</u>	<u>\$ 180,042</u>	<u>\$ 3,478</u>	<u>\$ 11,790,015</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Rent	\$ -	\$ 250
Property Taxes	<u>7,617,496</u>	<u>-</u>
Total Deferred Revenues	<u>\$ 7,617,496</u>	<u>\$ 250</u>

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 5,676,832	\$ 259,426	\$ -	\$ -	\$ 5,936,258
Construction in progress	87,512	-	-	(87,512)	-
Subtotal	5,764,344	259,426	-	(87,512)	5,936,258
Capital Assets Being Depreciated					
Building and Improvements	5,353,411	470,450	-	-	5,823,861
Land improvements	4,932,814	2,496,102	-	-	7,428,916
Machinery and equipment	1,320,769	264,183	(71,560)	-	1,513,392
Office furniture and equipment	596,102	36,327	(45,169)	-	587,260
Vehicles	2,298,917	489,028	(23,690)	-	2,764,255
Infrastructure	20,100,745	2,023,183	-	-	22,123,928
Subtotal	34,602,758	5,779,273	(140,419)	-	40,241,612
Less Accumulated Depreciation for					
Building and Improvements	(1,338,828)	(150,309)	-	-	(1,489,137)
Land improvements	(1,850,432)	(250,744)	-	-	(2,101,176)
Machinery and equipment	(717,591)	(130,693)	71,560	-	(776,724)
Office furniture and equipment	(360,806)	(57,254)	40,712	-	(377,348)
Vehicles	(1,042,769)	(122,109)	23,690	-	(1,141,188)
Infrastructure	(6,602,623)	(1,068,889)	-	-	(7,671,512)
Subtotal	(11,913,049)	(1,779,998)	135,962	-	(13,557,085)
Net Capital Assets Being Depreciated	22,689,709	3,999,275	(4,457)	-	26,684,527
Governmental Activities Total					
Capital Assets-Net of Depreciation	<u>\$ 28,454,053</u>	<u>\$ 4,258,701</u>	<u>\$ (4,457)</u>	<u>\$ (87,512)</u>	<u>\$ 32,620,785</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 108,479
Public safety	213,699
Public works	1,081,054
Community and economic development	-
Recreation and culture	<u>376,766</u>
	<u>\$ 1,779,998</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 214,653	\$ -	\$ -	\$ -	\$ 214,653
Construction in progress	<u>989,699</u>	<u>4,040,044</u>	<u>-</u>	<u>(4,855,032)</u>	<u>174,711</u>
Subtotal	<u>1,204,352</u>	<u>4,040,044</u>	<u>-</u>	<u>(4,855,032)</u>	<u>389,364</u>
Capital Assets Being Depreciated					
Buildings	1,843,763	-	-	-	1,843,763
Improvements other than buildings	265,148	-	-	-	265,148
Machinery and equipment	895,327	46,355	(29,277)	-	912,405
Vehicles	591,401	27,313	(36,627)	-	582,087
Water and wastewater systems	<u>88,979,981</u>	<u>5,840,985</u>	<u>-</u>	<u>-</u>	<u>94,820,966</u>
Subtotal	<u>92,575,620</u>	<u>5,914,653</u>	<u>(65,904)</u>	<u>-</u>	<u>98,424,369</u>
Less Accumulated Depreciation for					
Buildings	(511,371)	(47,097)	-	-	(558,468)
Improvements other than buildings	(157,590)	(8,795)	-	-	(166,385)
Machinery and equipment	(530,029)	(67,713)	29,277	-	(568,465)
Vehicles	(253,320)	(65,331)	36,627	-	(282,024)
Water and wastewater systems	<u>(25,565,274)</u>	<u>(2,024,334)</u>	<u>-</u>	<u>-</u>	<u>(27,589,608)</u>
Subtotal	<u>(27,017,584)</u>	<u>(2,213,270)</u>	<u>65,904</u>	<u>-</u>	<u>(29,164,950)</u>
Net Capital Assets Being Depreciated	<u>65,558,036</u>	<u>3,701,383</u>	<u>-</u>	<u>-</u>	<u>69,259,419</u>
Business-Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 66,762,388</u>	<u>\$ 7,741,427</u>	<u>\$ -</u>	<u>\$ (4,855,032)</u>	<u>\$ 69,648,783</u>

Depreciation expense was charged to business-type activities as follows:

Water and wastewater	<u>\$ 2,213,270</u>
----------------------	---------------------

Construction Commitments-The township has active construction projects at year-end. At year-end the township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Park improvement projects	\$ 1,245,077	\$ 172,656
Bike path construction projects	384,561	36,148
Road and storm sewer construction projects	656,977	419,292
Wastewater system projects	1,707,161	250,093
Water system projects	<u>-</u>	<u>-</u>
Total	<u>\$ 3,993,776</u>	<u>\$ 878,189</u>

D. Interfund Receivables, Payables and Transfers

At December 31, 2005, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out			Total
	General Fund	Water Operating Fund	Wastewater Operating Fund	
Transfers In				
Lake Macatawa Management Fund	\$ 35,000 (1)	\$ -	\$ -	\$ 35,000
Dunton Park Fund	150,000 (2)	-	-	150,000
Helder Park Fund	25,000 (2)	-	-	25,000
Quincy Park Fund	200,000 (2)	-	-	200,000
Jim Kaat Baseball Park Fund	1,200,000 (2)	-	-	1,200,000
Boar's Head Fund	400,000 (3)	-	-	400,000
Agritek Fund	185,000 (3)	-	-	185,000
Building and Site Fund	200,000 (2)	-	-	200,000
Capital Improvements Fund	50,000 (2)	-	-	50,000
Fire Equipment Replacement Fund	320,000 (2)	-	-	320,000
Industrial Park Fund	10,000 (2)	-	-	10,000
Water and Wastewater Construction and Debt Service Fund	-	395,000 (4)	625,000 (4)	1,020,000
	<u>\$ 2,775,000</u>	<u>\$ 395,000</u>	<u>\$ 625,000</u>	<u>\$ 3,795,000</u>

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for operating purposes
- (2) Transfers from General Fund for capital construction and acquisition purposes
- (3) Transfers from General Fund for grant project working capital and local match for project expenditures
- (4) Transfers from Water and Wastewater Operating Funds for debt service

E. Long-Term Debt

The township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Long-term contract						
Park-Holland Township Water & Sewer Authority, interest rates from 3.5% to 5.5%, maturing 2009	\$ 825,000	\$ 375,000	\$ -	\$ (65,000)	\$ 310,000	\$ 70,000
Business-Type Activities						
County Contractual Obligations						
Wastewater treatment plant refunding, interest rates from 2.8% to 4.75%, maturing 2014	\$ 3,570,000	\$ 2,424,000	\$ -	\$ (195,000)	\$ 2,229,000	\$ 205,500
Water system, interest rates from 3.7% to 5.15%, maturing 2018	3,920,000	3,090,000	-	(160,000)	2,930,000	165,000
Water and wastewater system refunding, interest rates from 2.8% to 5.5%, maturing 2011	17,095,000	3,990,000	-	(1,025,000)	2,965,000	1,020,000
		<u>\$ 9,504,000</u>	<u>\$ -</u>	<u>\$ (1,380,000)</u>	<u>\$ 8,124,000</u>	<u>\$ 1,390,500</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 70,000	\$ 15,812	\$ 1,390,500	\$ 371,746
2007	75,000	11,644	804,500	302,096
2008	80,000	7,187	848,500	265,836
2009	85,000	2,444	889,000	226,930
2010	-	-	936,000	185,113
2011-2015	-	-	2,405,500	508,222
2016-2018	-	-	850,000	88,417
	<u>\$ 310,000</u>	<u>\$ 37,087</u>	<u>\$ 8,124,000</u>	<u>\$ 1,948,360</u>

NOTE 3. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers Compensation Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Agreement – Wastewater Treatment Plant

In 1979, an agreement between the City of Holland and the Townships of Holland, Fillmore, Laketown, and Park was established to expand the wastewater treatment plant of the City of Holland. In 1994, these parties established a new agreement to once again expand the wastewater treatment plant. This new expansion project, completed in 1995, provides approximately 60% more capacity to accommodate a sustained wastewater flow of 16 million gallons per day.

Because the City of Holland is responsible for the operation and maintenance of the plant and has significant control within the governing body of the plant, the City of Holland accounts for the plant within its Wastewater Utility Fund. The township capitalized its portion of the cost of the expanded plant and recorded as a liability its portion of the County of Ottawa general obligation bonds to finance the 1978 and 1995 expansions.

Operating and maintenance costs are allocated among the user governments based on actual total flow and loading into the wastewater treatment plant. These costs are recovered by customer user charges.

C. Subsequent Events

On January 5, 2006, the Township Board renewed several appropriation agreements for contracted services in the amount of \$44,000 as provided within the township's fiscal year 2006 operating budget.

On February 2, 2006, the Township Board approved the purchase of three new pickup trucks at a net cost of \$28,089 after trade allowances. These purchases are provided for within the township's 2006 capital budget. Also on February 2, 2006, the Township Board approved an appropriation agreement for contracted services in the amount of \$50,000 with funding to be provided from the township's fiscal year 2006 operating budget.

D. Contingent Liabilities

Several owners of property in the township have appealed their property assessments to the Michigan Tax Tribunal. The township is also involved in various lawsuits and miscellaneous criminal prosecutions. Although the outcome of these matters is not presently determinable, in the opinion of the township attorney the resolution of these matters will not have a material adverse effect on the financial condition of the township.

E. Jointly Governed Organization

The township, in conjunction with neighboring Park Township, created the Park-Holland Townships Water and Sewer Authority (PHTWSA) in 1994 pursuant to Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of financing the acquisition and/or construction of improvements to the water supply systems, sanitary sewer systems and/or storm sewer systems of these local units of government. Each township appoints two members to PHTWSA's governing board. Currently, PHTWSA receives 100% of its funding from Holland Charter Township which amounted to \$84,000 for 2005. The township would not receive any additional benefit or detriment upon dissolution of this joint venture. The township's equity interest in this joint venture is insignificant. Complete financial statements for PHTWSA can be obtained from Holland Charter Township, 353 North 120th Avenue, Holland MI 49424.

F. Other Post-Employment Benefits

The township has elected to provide postretirement health care, dental and life insurance benefits to certain eligible retired employees. Eligible recipients include all full-time employees who have reached the age of 62 and have worked at least ten years for the township upon their retirement from the township. Such benefits are provided to eligible retirees within the schedule of benefits for the township's pre-Medicare and Medicare supplement insurance plans. The township may provide postretirement benefits to its retirees at its discretion and is not obligated in any manner to provide any postretirement benefits in addition to the pension benefits described under the Defined Contribution Pension Plan note.

As of the end of the fiscal year, 4 eligible retirees and spouses were receiving such postretirement benefits. Expenditures for postretirement benefits are recognized as the township makes payment of monthly premiums to the group provider. For the year ended December 31, 2005, expenditures of \$13,524 were recognized for postretirement health care and dental insurance benefits, which are net of \$11,571 in reimbursements received from retirees.

G. Deferred Compensation Plan

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

H. Pension Plan

The Holland Charter Township Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to eligible employees of the township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2005, there were 49 plan participants. The township is required to contribute 9.5% of covered compensation. Plan participants are required to contribute 2.5% of covered compensation. The township contributes 12% of covered compensation for the elected trustees. Contributions to the Plan by the township were \$176,461 for the year ended December 31, 2005. Plan provisions and contribution requirements are established and may be amended by the Holland Charter Township Board.

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 7,253,000	\$ 7,353,000	\$ 7,364,490	\$ 11,490
Licenses and permits	64,000	67,000	68,129	1,129
State shared revenues	2,027,000	2,127,000	2,183,241	56,241
Local unit contributions	13,000	13,000	12,400	(600)
Charges for services	80,500	85,500	100,116	14,616
Interest	150,000	205,000	259,727	54,727
Other	83,000	128,000	158,213	30,213
Total Revenues	9,670,500	9,978,500	10,146,316	167,816
Expenditures:				
Current:				
General Government:				
Township Board	32,300	37,300	33,543	3,757
Supervisor	33,200	33,200	30,905	2,295
Superintendent	76,100	76,100	72,807	3,293
Assistant superintendent	74,000	74,000	68,889	5,111
Elections	2,300	4,300	2,754	1,546
Accounting	57,200	57,200	54,272	2,928
Assessor	289,000	279,000	269,756	9,244
Attorney	80,000	125,000	117,243	7,757
Clerk	24,700	19,700	18,655	1,045
Board of Review	4,000	4,000	3,127	873
General administration	131,200	149,200	121,787	27,413
Treasurer	103,000	106,000	96,541	9,459
Computer services	41,800	35,800	27,184	8,616
Building and grounds	60,000	60,000	42,876	17,124
Other property	4,000	1,000	344	656
Cemetery	15,500	8,500	4,409	4,091
Unallocated and other	30,000	90,000	42,443	47,557
Total General Government	1,058,300	1,160,300	1,007,535	152,765
Public Safety:				
Sheriff E-Unit and police services	433,000	426,000	421,281	4,719
Zoning enforcement and community policing	535,000	563,000	549,105	13,895
Public improvement	3,000	3,000	-	3,000
Fire department	680,000	615,000	582,326	32,674
Total Public Safety	1,651,000	1,607,000	1,552,712	54,288
Public Works:				
Leaf collection and cleanup services	54,000	44,000	41,864	2,136
Bike paths	618,000	1,183,000	1,140,218	42,782
Drains	580,000	135,000	114,712	20,288
Highways, streets and bridges	1,240,000	950,000	844,059	105,941
Street lighting	229,000	229,000	235,697	(6,697)
Public transit	100,000	156,000	155,283	717
Total Public Works	2,821,000	2,697,000	2,531,833	165,167

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development				
Economic development	48,000	50,000	50,000	-
Northside neighborhood center	33,500	33,500	33,500	-
Planning Commission and administration	88,500	88,500	69,602	18,898
Macatawa Area Coordinating Council	40,000	35,000	32,960	2,040
Zoning Board of Appeals	7,700	7,700	6,411	1,289
Zoning administration	73,500	73,500	61,419	12,081
Total Community and Economic Development	291,200	288,200	253,892	34,308
Recreation and Culture:				
Recreation	291,000	294,000	292,094	1,906
Parks	543,000	540,000	505,720	34,280
Triathlon event	16,000	14,000	12,730	1,270
Libraries	1,533,000	1,554,000	1,552,683	1,317
Community services	57,000	50,000	48,432	1,568
Parades and floats	1,000	1,000	800	200
Total Recreation and Culture	2,441,000	2,453,000	2,412,459	40,541
Other:				
Insurance	90,000	85,000	80,564	4,436
Other fringes	60,000	65,000	64,109	891
Other	300,000	-	-	-
Total Other	450,000	150,000	144,673	5,327
Total Expenditures	8,712,500	8,355,500	7,903,104	452,396
Excess Of Revenues Over (Under) Expenditures	958,000	1,623,000	2,243,212	620,212
Other Financing Sources (Uses):				
Transfers out	(920,000)	(2,775,000)	(2,775,000)	-
Net Change in Fund Balances	38,000	(1,152,000)	(531,788)	620,212
Fund Balances - January 1	7,485,962	7,485,962	7,485,962	-
Fund Balances - December 31	<u>\$ 7,523,962</u>	<u>\$ 6,333,962</u>	<u>\$ 6,954,174</u>	<u>\$ 620,212</u>

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - QUINCY PARK FUND
Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Grants	\$ -	\$ 434,000	\$ 450,000	\$ 16,000
Interest and rent	<u>4,000</u>	<u>16,000</u>	<u>19,702</u>	<u>3,702</u>
Total Revenues	4,000	450,000	469,702	19,702
Expenditures:				
Capital Outlay	<u>-</u>	<u>1,491,000</u>	<u>1,483,111</u>	<u>7,889</u>
Excess of Revenues Over (Under) Expenditures	4,000	(1,041,000)	(1,013,409)	27,591
Other Financing Sources (Uses):				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balances	204,000	(841,000)	(813,409)	27,591
Fund Balances - January 1	<u>1,464,677</u>	<u>1,464,677</u>	<u>1,464,677</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 1,668,677</u>	<u>\$ 623,677</u>	<u>\$ 651,268</u>	<u>\$ 27,591</u>

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - JIM KAAT BASEBALL PARK FUND
Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Interest and rent	\$ -	\$ 4,000	\$ 6,692	\$ 2,692
Other	-	625,000	615,898	(9,102)
Total Revenues	-	629,000	622,590	(6,410)
Expenditures:				
Capital Outlay	-	1,520,000	1,536,305	(16,305)
Excess of Revenues Over (Under) Expenditures	-	(891,000)	(913,715)	(22,715)
Other Financing Sources (Uses):				
Transfers in	-	1,200,000	1,200,000	-
Net Change in Fund Balances	-	309,000	286,285	(22,715)
Fund Balances - January 1	-	-	-	-
Fund Balances - December 31	\$ -	\$ 309,000	\$ 286,285	\$ (22,715)

Holland Charter Township, Michigan
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2005

NOTE - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. In August of each year, all departments of the township submit requests for appropriations to the superintendent and the finance director so that a budget may be prepared. By September 1, the proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds study sessions and public hearings and a final budget must be prepared and adopted by December 31.

In addition to adopting the annual operating budget, the Board of Trustees annually reviews and approves the Capital Improvement Program (CIP). The CIP is a five-year plan for capital project expenditures and anticipated revenue sources. The CIP is reviewed and approved during the months of June and July of each year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The appropriated budget is prepared by fund, function and department. Expenditures may not legally exceed budget appropriations at the department level within the fund. Appropriated budgets are amended from time to time throughout the course of the fiscal year by supplementary resolutions approved by a majority vote of the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

B. Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Items	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - Street lighting	\$ 229,000	\$ 235,697
Jim Kaat Baseball Park Fund - Capital outlay	1,520,000	1,536,305
Dunton Park Fund - Recreation	4,100	4,124

Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Summer Recreation Fund – was established to account for the recreational fees, contributions and township funds expended for recreation programs involving children and youth participants.

Lake Macatawa Watershed Management Fund – was established to account for grants, contributions and township funds expended for management of the Lake Macatawa Watershed. The Macatawa Watershed Project is a ten-year plan to reduce the nonpoint sources of phosphorus in the watershed as directed by federal and state environmental agencies.

Dunton Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Dunton Park.

Helder Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Helder Park.

Building Department Fund – was established to account for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the township. The fund is required by PA 230 of 1972, as amended by PA 245 of 1999.

Lakeshore Vision Fund – was established to account for grants and local match monies to Lakeshore Vision & Robotics, LLC for equipment, professional fees and operations.

Boar's Head Fund – was established to account for grants and local match monies for wastewater pre-treatment and infrastructure upgrades for expansion of the Boar's Head Provisions Co., Inc. manufacturing facility.

Agritek Fund – was established to account for grants and local match monies for infrastructure upgrades for relocation and expansion of Agritek Industries, Inc.

Economic Development Corporation – was established to account for the fees and expenses of the Economic Development Program.

Quincy Park Clean-Up Fund – was established to account for the grants received from the state and township contributions with the monies to be used for the clean up of Quincy Park.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Building and Site Fund – this fund accounts for contributions from the General Fund to be used for property acquisitions and for building additions and improvements.

Capital Improvement Fund – this fund receives contributions from the General Fund for future township capital projects.

Fire Equipment Replacement Fund – this fund receives contributions from the General Fund to be used for replacing fire equipment.

Industrial Park Fund – this fund receives monies to be used for the development of industrial parks.

Holland Charter Township, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	Special Revenue Funds							
	Summer Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Building Department	Lakeshore Vision	Boar's Head Fund	Agritek Fund
ASSETS								
Cash and investments	\$ 24,059	\$ 124,130	\$ 268,249	\$ 491,533	\$ 295,473	\$ -	\$ 388,084	\$ 9,788
Receivables:								
Grants	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	10,000
Interest	233	749	1,531	3,052	1,727	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	147,500
TOTAL ASSETS	<u>\$ 24,292</u>	<u>\$ 124,879</u>	<u>\$ 269,780</u>	<u>\$ 494,585</u>	<u>\$ 297,200</u>	<u>\$ -</u>	<u>\$ 388,084</u>	<u>\$ 167,288</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 613	\$ -	\$ -	\$ -	\$ 11,027	\$ -	\$ 2,496	\$ 1,559
Accrued payroll	-	-	-	-	11,923	-	-	-
Compensated absences payable	-	-	-	-	31,197	-	-	-
Total Liabilities	<u>613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,147</u>	<u>-</u>	<u>2,496</u>	<u>1,559</u>
Fund Balances:								
Reserved	-	-	-	-	153,053	-	-	-
Unreserved	<u>23,679</u>	<u>124,879</u>	<u>269,780</u>	<u>494,585</u>	<u>90,000</u>	<u>-</u>	<u>385,588</u>	<u>165,729</u>
Total Fund Balances	<u>23,679</u>	<u>124,879</u>	<u>269,780</u>	<u>494,585</u>	<u>243,053</u>	<u>-</u>	<u>385,588</u>	<u>165,729</u>
Total Liabilities and Fund Balances	<u>\$ 24,292</u>	<u>\$ 124,879</u>	<u>\$ 269,780</u>	<u>\$ 494,585</u>	<u>\$ 297,200</u>	<u>\$ -</u>	<u>\$ 388,084</u>	<u>\$ 167,288</u>

Capital Projects Funds								Total Nonmajor Governmental Funds
E.D.C.	Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	
\$ 5,293	\$ 151,404	\$ 1,758,013	\$ 1,251,627	\$ 341,747	\$ 409,820	\$ 135,273	\$ 2,138,467	\$ 3,896,480
-	-	-	-	-	-	-	-	-
-	-	10,000	-	-	-	-	-	10,000
33	952	8,277	8,428	2,265	2,735	837	14,265	22,542
-	-	-	-	-	-	-	-	-
-	-	147,500	-	-	-	-	-	147,500
<u>\$ 5,326</u>	<u>\$ 152,356</u>	<u>\$ 1,923,790</u>	<u>\$ 1,260,055</u>	<u>\$ 344,012</u>	<u>\$ 412,555</u>	<u>\$ 136,110</u>	<u>\$ 2,152,732</u>	<u>\$ 4,076,522</u>
\$ -	\$ -	\$ 15,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,695
-	-	11,923	-	-	-	-	-	11,923
-	-	31,197	-	-	-	-	-	31,197
-	-	58,815	-	-	-	-	-	58,815
-	-	153,053	-	-	-	-	-	153,053
5,326	152,356	1,711,922	1,260,055	344,012	412,555	136,110	2,152,732	3,864,654
5,326	152,356	1,864,975	1,260,055	344,012	412,555	136,110	2,152,732	4,017,707
<u>\$ 5,326</u>	<u>\$ 152,356</u>	<u>\$ 1,923,790</u>	<u>\$ 1,260,055</u>	<u>\$ 344,012</u>	<u>\$ 412,555</u>	<u>\$ 136,110</u>	<u>\$ 2,152,732</u>	<u>\$ 4,076,522</u>

Holland Charter Township, Michigan
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2005

	Special Revenue Funds							
	Summer Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Building Department	Lakeshore Vision	Boar's Head Fund	Agritek Fund
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 461,678	\$ -	\$ -	\$ -
Grants	-	-	-	-	-	190,235	216,000	147,500
Charges for services	81,975	-	14,865	-	450	-	-	-
Interest and rent	1,031	2,678	6,281	10,514	6,188	-	2,323	1,110
Other	1,148	-	3,811	-	-	-	-	10,000
Total Revenues	<u>84,154</u>	<u>2,678</u>	<u>24,957</u>	<u>10,514</u>	<u>468,316</u>	<u>190,235</u>	<u>218,323</u>	<u>158,610</u>
Expenditures:								
Current:								
General government	-	27,644	-	-	-	-	-	-
Public safety	-	-	-	-	443,451	-	-	-
Community and economic development	-	-	-	-	-	190,235	232,735	-
Recreation and culture	72,631	-	4,124	-	-	-	-	-
Other	-	-	9,950	-	6,893	-	-	-
Capital outlay	-	-	-	-	-	-	-	177,881
Total Expenditures	<u>72,631</u>	<u>27,644</u>	<u>14,074</u>	<u>-</u>	<u>450,344</u>	<u>190,235</u>	<u>232,735</u>	<u>177,881</u>
Excess of Revenues Over (Under) Expenditures	11,523	(24,966)	10,883	10,514	17,972	-	(14,412)	(19,271)
Other Financing Sources:								
Transfers in	-	35,000	150,000	25,000	-	-	400,000	185,000
Net Change in Fund Balances	11,523	10,034	160,883	35,514	17,972	-	385,588	165,729
Fund Balances - January 1	<u>12,156</u>	<u>114,845</u>	<u>108,897</u>	<u>459,071</u>	<u>225,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 23,679</u>	<u>\$ 124,879</u>	<u>\$ 269,780</u>	<u>\$ 494,585</u>	<u>\$ 243,053</u>	<u>\$ -</u>	<u>\$ 385,588</u>	<u>\$ 165,729</u>

Capital Projects Funds								
E.D.C.	Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 461,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,678
-	-	553,735	-	-	-	-	-	553,735
-	-	97,290	-	-	-	-	-	97,290
113	3,245	33,483	30,098	7,677	8,589	2,952	49,316	82,799
-	-	14,959	129,500	-	-	-	129,500	144,459
113	3,245	1,161,145	159,598	7,677	8,589	2,952	178,816	1,339,961
-	-	27,644	-	-	-	-	-	27,644
-	-	443,451	-	-	-	-	-	443,451
-	-	422,970	-	-	-	-	-	422,970
-	-	76,755	-	-	-	-	-	76,755
-	1,298	18,141	13,446	26,822	-	-	40,268	58,409
-	-	177,881	259,426	36,328	479,894	-	775,648	953,529
-	1,298	1,166,842	272,872	63,150	479,894	-	815,916	1,982,758
113	1,947	(5,697)	(113,274)	(55,473)	(471,305)	2,952	(637,100)	(642,797)
-	-	795,000	200,000	50,000	320,000	10,000	580,000	1,375,000
113	1,947	789,303	86,726	(5,473)	(151,305)	12,952	(57,100)	732,203
5,213	150,409	1,075,672	1,173,329	349,485	563,860	123,158	2,209,832	3,285,504
\$ 5,326	\$ 152,356	\$ 1,864,975	\$ 1,260,055	\$ 344,012	\$ 412,555	\$ 136,110	\$ 2,152,732	\$ 4,017,707

STATISTICAL SECTION

Table 1

Holland Charter Township, Michigan
 GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
 AND EXPENDITURES AND OTHER USES BY FUNCTION
 Last Ten Fiscal Years

	1996	1997	1998	1999
Revenues and other financing sources:				
Taxes	\$ 2,707,809	\$ 3,024,489	\$ 4,451,935	\$ 4,969,756
Licenses and permits	429,691	416,578	460,020	511,927
Grants	-	-	-	-
State shared revenues	1,589,121	1,552,682	1,656,471	1,790,360
Local unit contributions	5,600	2,000	4,800	-
Charges for services	58,384	50,252	59,274	70,731
Interest	236,488	301,075	272,008	271,143
Other	67,068	84,117	68,460	56,471
Operating transfers in	-	-	-	-
	<u>\$ 5,094,161</u>	<u>\$ 5,431,193</u>	<u>\$ 6,972,968</u>	<u>\$ 7,670,388</u>
Expenditures and other uses:				
General government	\$ 743,974	\$ 743,232	\$ 824,014	\$ 861,246
Public safety	1,063,262	1,153,477	1,308,067	1,409,713
Public works	1,144,857	2,011,442	1,228,309	1,368,292
Community and economic development	133,135	155,034	119,522	138,935
Recreation and culture	527,762	519,747	1,547,866	2,000,368
Other	101,665	93,671	81,500	67,943
Operating transfers out	465,000	370,000	1,775,000	1,042,000
	<u>\$ 4,179,655</u>	<u>\$ 5,046,603</u>	<u>\$ 6,884,278</u>	<u>\$ 6,888,497</u>

Table 1 - Continued

2000	2001	2002	2003	2004	2005
\$ 5,469,731	\$ 5,912,368	\$ 6,283,303	\$ 6,829,465	\$ 7,109,180	\$ 7,364,490
58,660	59,683	59,348	55,442	65,180	68,129
-	-	-	-	-	-
1,905,619	2,838,586	2,498,453	2,309,849	2,157,165	2,183,241
10,461	101,083	363,736	16,112	15,072	12,400
81,491	83,527	79,568	82,391	84,025	100,116
528,725	526,992	367,369	204,326	214,134	259,727
63,259	73,469	71,100	418,900	87,564	158,213
-	-	-	-	-	-
<u>\$ 8,117,946</u>	<u>\$ 9,595,708</u>	<u>\$ 9,722,877</u>	<u>\$ 9,916,485</u>	<u>\$ 9,732,320</u>	<u>\$ 10,146,316</u>
\$ 805,020	\$ 812,849	\$ 904,168	\$ 935,439	\$ 1,150,645	\$ 1,007,535
1,067,916	1,195,129	1,335,691	1,419,428	1,542,555	1,552,712
1,127,148	2,149,438	2,896,188	2,738,396	2,822,930	2,531,833
175,093	178,976	203,756	216,988	230,607	253,892
1,882,446	1,978,958	2,426,609	2,293,899	2,338,224	2,412,459
77,675	86,291	104,032	111,562	151,041	144,673
1,713,000	2,665,000	1,667,000	875,000	1,250,000	2,775,000
<u>\$ 6,848,298</u>	<u>\$ 9,066,641</u>	<u>\$ 9,537,444</u>	<u>\$ 8,590,712</u>	<u>\$ 9,486,002</u>	<u>\$ 10,678,104</u>

Table 2

Holland Charter Township, Michigan
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended 12-31*	Year of Tax Levied on 12-1	Ad Valorem Tax Levy**	Collections to March 1, Year Following Levy	
			Amount	Percent
1996	1995	\$ 3,147,262	\$ 2,977,451	94.60%
1997	1996	3,475,790	3,304,607	95.07%
1998	1997	4,583,198	4,296,526	93.75%
1999	1998	4,951,313	4,678,092	94.48%
2000	1999	5,389,543	5,112,615	94.86%
2001	2000	5,625,140	5,310,769	94.41%
2002	2001	5,765,585	5,400,879	93.67%
2003	2002	6,310,331	5,956,644	94.40%
2004	2003	6,608,322	6,349,764	96.09%
2005	2004	6,892,665	6,623,535	96.10%

* Taxes are levied on December 1 of the prior fiscal year

** Ad valorem tax levy excludes Act 198 industrial facilities and Act 255 commercial facilities tax levies. The tax levy excludes taxes levied for other taxing jurisdictions, including school districts, the county, and the pool authority.

Table 3

Holland Charter Township, Michigan
 ASSESSED AND TAXABLE VALUE OF PROPERTY
 Last Ten Fiscal Years

Year	Assessed Value			Taxable Value		
	State Equalized Value	Act 198 IFT Act 255 CFT Abated Value	Total SEV and Abated Value	Taxable Value	Act 198 IFT Act 255 CFT Abated Value	Total Taxable and Abated Value
1996	\$ 604,676,200	\$ 119,766,100	\$ 724,442,300	\$ 559,974,426	\$ 119,766,100	\$ 679,740,526
1997	690,038,500	126,766,200	816,804,700	636,523,841	125,727,070	762,250,911
1998	776,675,700	121,499,000	898,174,700	709,371,229	120,561,996	829,933,225
1999	856,119,900	130,721,600	986,841,500	770,541,884	129,925,958	900,467,842
2000	924,259,500	138,430,500	1,062,690,000	824,071,142	136,306,008	960,377,150
2001	999,231,200	145,982,400	1,145,213,600	903,590,618	144,501,275	1,048,091,893
2002	1,099,806,700	139,274,900	1,239,081,600	986,248,111	138,613,778	1,124,861,889
2003	1,168,288,500	139,452,500	1,307,741,000	1,044,036,393	137,820,389	1,181,856,782
2004	1,209,331,300	125,381,800	1,334,713,100	1,095,324,560	124,993,428	1,220,317,988
2005	1,259,504,300	121,159,600	1,380,663,900	1,148,110,127	120,802,453	1,268,912,580

Valuations are stated as of the March Board of Review.

Taxable property in the township is assessed initially by the Township's assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash value.

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value do not include any value of tax exempt property or property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Holland Charter Township, Michigan
COMPONENTS OF ASSESSED AND TAXABLE VALUE OF PROPERTY

Components of State Equalized Value Last Five Fiscal Years (By Use and Classification)					
	2005	2004	2003	2002	2001
Industrial	\$ 121,760,200	\$ 123,789,900	\$ 128,312,800	\$ 118,030,600	\$ 98,028,200
Commercial	327,819,700	315,868,600	304,608,200	291,622,800	264,003,700
Agricultural	22,607,700	23,618,600	22,688,900	22,109,300	20,854,600
Residential	<u>651,865,400</u>	<u>609,205,700</u>	<u>576,791,500</u>	<u>530,971,600</u>	<u>483,087,700</u>
Total Real Property	1,124,053,000	1,072,482,800	1,032,401,400	962,734,300	865,974,200
Total Personal Property	<u>135,451,300</u>	<u>136,848,500</u>	<u>135,887,100</u>	<u>137,072,400</u>	<u>133,257,000</u>
Total SEV	<u>\$ 1,259,504,300</u>	<u>\$ 1,209,331,300</u>	<u>\$ 1,168,288,500</u>	<u>\$ 1,099,806,700</u>	<u>\$ 999,231,200</u>

Components of 2005 Taxable Value

Industrial	\$ 114,756,712
Commercial	300,883,706
Agricultural	9,325,355
Residential	<u>587,796,267</u>
Total Real Property	<u>1,012,762,040</u>
Industrial	77,342,000
Commercial	48,485,280
Utility	9,520,807
Residential	<u>-</u>
Total Personal Property	<u>135,348,087</u>
Total Taxable Value	<u>\$ 1,148,110,127</u>

Table 5

Holland Charter Township, Michigan
 PROPERTY TAX RATES PER \$1,000 STATE EQUALIZED VALUATION
 FOR DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years

		HOLLAND TOWNSHIP		HOLLAND POOL AUTHORITY	SCHOOL DISTRICTS			
Year of Levy		Operating And Debt	Street Light District	Holland Pool Operating	Holland School District	West Ottawa School District	Zeeland School District	Ottawa Area Intermediate School District
1996	H	6.2000	0.3000	1.0500	6.5000	6.6500	6.6300	3.4730
1996	NH	6.2000	0.3000	1.0500	24.5000	24.5906	24.6300	3.4730
1997	H	7.2000	0.3000	1.4600	4.2000	6.6500	6.6275	3.4664
1997	NH	7.2000	0.3000	1.4600	22.2000	24.4345	24.6275	3.4664
1998	H	7.0000	0.3000	1.5000	4.6500	6.6500	7.0222	3.4588
1998	NH	7.0000	0.3000	1.5000	22.6500	24.3989	25.0222	3.4588
1999	H	7.0000	0.0000	1.4876	4.2468	6.4500	8.0236	4.3353
1999	NH	7.0000	0.0000	1.4876	22.2468	24.1279	26.0236	4.3353
2000	H	6.8000	0.0000	1.7500	4.0441	6.2200	8.0116	4.2999
2000	NH	6.8000	0.0000	1.7500	22.0441	24.2200	26.0116	4.2999
2001	H	6.4000	0.0000	1.7282	3.7426	6.2200	8.0074	4.2854
2001	NH	6.4000	0.0000	1.7282	21.7426	24.2200	26.0074	4.2854
2002	H	6.4000	0.0000	1.6667	3.7412	6.9468	7.9965	4.2688
2002	NH	6.4000	0.0000	1.6667	21.7412	24.9468	25.9965	4.2688
2003	H	6.3500	0.0000	1.5900	3.5868	6.9468	8.0010	4.2305
2003	NH	6.3500	0.0000	1.5900	21.5868	24.9468	26.0010	4.2305
2004	H	6.3000	0.0000	1.5700	3.5968	6.9468	8.0300	4.2192
2004	NH	6.3000	0.0000	1.5700	21.5968	24.9468	26.0300	4.2192
2005	H	6.3000	0.0000	1.5400	3.4868	7.0000	8.0300	4.2109
2005	NH	6.3000	0.0000	1.5400	21.4868	25.0000	26.0300	4.2109
		COUNTY	STATE	TOTAL FOR RESIDENTS OF				
Year of Levy		Ottawa County	Homestead Education Tax		Holland School District	West Ottawa School District	Zeeland School District	
1996	H	4.7165	6.0000		28.2395	27.3395	27.3195	
1996	NH	4.7165	6.0000		46.2395	45.2801	45.3195	
1997	H	4.6985	6.0000		27.3249	28.3149	28.2924	
1997	NH	4.6985	6.0000		45.3249	46.0994	46.2924	
1998	H	4.4804	6.0000		27.3892	27.8892	28.2614	
1998	NH	4.4804	6.0000		45.3892	45.6381	46.2614	
1999	H	4.3812	6.0000		27.4509	28.1665	29.7401	
1999	NH	4.3812	6.0000		45.4509	45.8444	47.7401	
2000	H	4.3760	6.0000		27.2700	27.6959	29.4875	
2000	NH	4.3760	6.0000		45.2700	45.6959	47.4875	
2001	H	4.2722	6.0000		26.4284	27.1776	28.9650	
2001	NH	4.2722	6.0000		44.4284	45.1776	46.9650	
2002	H	4.1672	6.0000		26.2439	27.7828	28.8325	
2002	NH	4.1672	6.0000		44.2439	45.7828	46.8325	
2003	H	4.1611	5.0000		24.9184	26.6884	27.7426	
2003	NH	4.1611	5.0000		42.9184	44.6884	45.7426	
2004	H	4.2593	6.0000		25.9453	27.7253	28.8085	
2004	NH	4.2593	6.0000		43.9453	45.7253	46.8085	
2005	H	4.2579	6.0000		25.7956	27.7688	28.7988	
2005	NH	4.2579	6.0000		43.7956	45.7688	46.7988	

H= Homestead Properties

NH= Non-Homestead Properties

Table 6

Holland Charter Township, Michigan
 PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
 December 31, 2005

<u>Taxpayer</u>	<u>Principal Product/Service</u>	<u>2005 Taxable Equivalency Value</u>	<u>Percent Of Total 2004 Taxable Equivalency Value</u>
Pfizer (Parke-Davis & Co.)	Pharmaceuticals	\$ 36,680,401	3.03%
Magna Donnelly	Glass & automotive mirrors	17,958,937	1.49%
Geenen DeKock Properties	Commercial development	15,531,449	1.28%
Request Foods, Inc.	Pre-packaged dinners	12,680,400	1.05%
Herman Miller, Inc.	Office furniture	11,933,311	0.99%
Hart & Cooley, Inc.	Air distribution products	11,065,886	0.91%
Westshore Mall Ltd.	Retail shopping mall	9,304,007	0.77%
Clearview Apartments	Apartment housing	8,800,483	0.73%
Huntington National Bank	Banking services	7,738,300	0.64%
J.B. Laboratories, Inc.	Pharmaceuticals	<u>7,493,155</u>	<u>0.62%</u>
Total Taxable Value of Ten Largest Taxpayers		139,186,329	11.51%
Total Taxable Value of All Other Taxpayers		<u>1,070,105,425</u>	<u>88.49%</u>
Total Taxable Value of All Taxpayers		<u>\$ 1,209,291,754</u>	<u>100.00%</u>

Notation:

Taxable equivalency values are stated as of the March Board of Review and represent a combination of 100% of taxable value, 50% of abated taxable value for new IFT and CFT facilities, and 100% of abated taxable value for rehabilitated IFT and CFT facilities.

Holland Charter Township, Michigan
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2005

State Equalized Value (SEV)	<u>\$ 1,259,504,300</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 125,950,430
Outstanding general obligation debt	<u>8,124,000</u>
Legal Debt Margin	<u>\$ 117,826,430</u>

Table 8

Holland Charter Township, Michigan
 RATIO OF BONDED DEBT
 TO STATE EQUALIZED VALUED PER CAPITA
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Population	State Equalized Valuation	Gross Bonded Debt	Ratio of Gross Bonded Debt to State Equalized Valuation	Gross Bonded Debt Per Capita
1996	20,236	\$ 604,676,200	\$ 16,328,685	2.70%	807
1997	20,236	690,038,500	15,511,245	2.25%	767
1998	20,236	776,675,700	18,320,000	2.36%	905
1999	20,236	856,119,900	16,936,500	1.98%	837
2000	28,911	924,259,500	15,460,500	1.67%	535
2001	30,754	999,231,200	14,226,000	1.42%	463
2002	31,879	1,099,806,700	12,745,000	1.16%	400
2003	32,960	1,168,288,500	11,111,500	0.95%	337
2004*	33,338	1,209,331,300	9,504,000	0.79%	285
2005*	33,338	1,259,504,300	8,124,000	0.65%	244

* July 1, 2004 population estimate by U.S. Census Bureau

Holland Charter Township, Michigan
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 December 31, 2005

<u>Jurisdiction</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Holland Township</u>	<u>Amount Applicable To Holland Township</u>
Direct Debt:			
Holland Charter Township	\$ 8,124,000	100.00%	\$ 8,124,000
Overlapping Debt:			
County of Ottawa	23,230,000	13.66%	3,173,218
Holland Area Swimming Pool Authority	8,615,000	3.85%	331,678
Holland School District	25,594,000	3.85%	985,369
West Ottawa School District	144,295,000	47.25%	68,179,388
Zeeland School District	104,280,000	29.32%	30,574,896
Ottawa Intermediate School District	7,815,000	12.05%	941,708
			<u>\$ 112,310,257</u>

Note: The above debt information excludes self supporting bonds issued by the Holland Hospital Authority for Holland Community Hospital.

Source: Holland Charter Township and Municipal Advisory Council of Michigan, (as of November 30, 2005).

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

Fiscal Year Ended December 31	State Equalized Value	Number of Permits	Estimated Building Cost
1996	\$ 604,676,200	946	\$ 79,445,322
1997	690,038,500	872	68,836,438
1998	776,675,700	830	89,775,565
1999	856,119,900	894	96,822,530
2000	924,259,500	884	93,987,083
2001	999,231,200	819	87,641,238
2002	1,099,806,700	771	68,577,644
2003	1,168,288,500	883	68,456,647
2004	1,209,331,300	764	69,010,603
2005	1,259,504,300	740	77,166,431

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2005

ASSESSED:	Tax assessments are determined as of tax day, December 31.
LIEN ON PROPERTY:	Personal property taxes become a lien and are payable on December 1, however, they are billed on July 1 and December 1. Property taxes for local school districts are levied on July 1 or on December 1 or portions are levied on each date. Intermediate school district taxes are levied on July 1. County and township taxes are levied on December 1. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed.
PAYABLE:	Taxes billed July 1 are payable on July 1 and due without penalty on September 14. Taxes billed December 1 are payable on December 1 and due without penalty on February 14. Taxes are collected at the office of township treasurer.
DELINQUENT:	Real property taxes become delinquent on March 1 and are returned to the county treasurer for collection. Ottawa County operates a Delinquent Tax Revolving Fund, which forwards delinquent tax monies to local jurisdictions. Delinquent personal property taxes are collected by the township treasurer. Uncollectible personal property taxes are stricken from the tax rolls upon petition to the Circuit Court when uncollectible for a period of five years from date of levy.
PENALTIES:	Interest at the rate of one percent per month is assessed on unpaid summer taxes on September 15, October 1, November 1, December 1, January 1, and February 1. A three percent penalty is charged on summer and winter taxes paid after February 14. Taxes returned delinquent to the county treasurer on March 1 are subject to a four percent collection fee and one percent per month interest.
TAX ABATEMENT:	<p>The state equalized value does not include valuation of certain facilities, which are exempt under Act 198, Public Acts of 1974 or Act 255, Public Acts of 1978. The Acts are designed to provide a stimulus in the form of significant tax incentives to industry and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan.</p> <p>An Industrial or Commercial Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. Renovated facilities are taxed at the full millage rate based on the assessed valuation prior to the improvements. New facilities are taxed at one half rate levied on assessments which are determined annually based on true cash value.</p>

Holland Charter Township, Michigan
TAX INFORMATION - CONTINUED
December 31, 2005

TOWNSHIP TAXATION
AND LIMITATION:

The township's tax rate for municipal operations is limited to five mills by the State of Michigan's Charter Townships Act of 1947, as amended. Additional tax levies have been approved from time to time by vote of the township electorate for specific services, such as construction and maintenance of bike paths, additional law enforcement and emergency medical unit services, and library services.

In November 1978, the electorate of the State of Michigan passed an amendment to the State Constitution, which places certain limitations on increases of taxes by the state, and political subdivisions from currently authorized levels of taxation. The amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time they became effective or which have been approved by the electors of the state or such political subdivisions.

Table 12

Holland Charter Township, Michigan
GENERAL STATISTICAL DATA
December 31, 2005

AREA:	28.7 square miles		
FORM OF GOVERNMENT:	Founded and established as township in 1847 Incorporated as Charter Township in 1968 7-member elected Board of Trustees		
FISCAL YEAR BEGINS:	January 1		
NUMBER OF EMPLOYEES:	38 full time; 158 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 42 part time fire fighters (including 13 emergency medical technicians), 8 fire fighting vehicles, 1 rescue vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels	11,421	
	Number of personal property tax parcels	1,842	
	Total tax parcels (includes IFT abated parcels)	13,263	
WATER UTILITY:	Customer Accounts:		
	Residential	8,769	
	Commercial	1,821	
	Industrial	251	
	Other	81	
	Total Water Customer Accounts	10,922	
	Gallons purchased	2,744,142,600	
	Revenues from sales and charges	\$4,981,692	
WASTEWATER UTILITY:	Customer Accounts:		
	Residential	9,811	
	Commercial	1,421	
	Industrial	164	
	Other	57	
	Total Wastewater Customer Accounts	11,453	
	Gallons treated	1,422,915,000	
	Revenues from user charges	\$3,497,544	
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (21 acres) Helder Park (158 acres, including 60 acres of vacant land) Quincy Park (133 acres, including 67 acres of vacant land)		
BIKE PATHS & SIDEWALKS:	59 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census	1970	10,991
		1980	13,739
		1990	17,523
		2000	28,911
		2004 (est)	33,338

HOLLAND CHARTER TOWNSHIP, MICHIGAN
FEDERAL AWARDS
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2005

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Holland Charter Township, Michigan
SINGLE AUDIT REPORT
Year Ended December 31, 2005

TABLE OF CONTENTS

	Page
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to Each Major Program And Internal Control Over Compliance in Accordance with OMB Circular A-133	2-3
Schedule of Expenditures of Federal Awards.....	4
Schedule of Findings and Questioned Costs.....	5



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

May 3, 2006

Township Board
Holland Charter Township, Michigan
Holland, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan as of and for the year ended December 31, 2005, which collectively comprise Holland Charter Township, Michigan's basic financial statements and have issued our report thereon dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Holland Charter Township, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on reporting on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Holland Charter Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC
Kiekover, Scholma & Shumaker, PC
Certified Public Accountants



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

May 3, 2006

Township Board
Holland Charter Township, Michigan
Holland, Michigan

Compliance

We have audited the compliance of Holland Charter Township, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. Holland Charter Township, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Holland Charter Township, Michigan's management. Our responsibility is to express an opinion on Holland Charter Township, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Holland Charter Township, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Holland Charter Township, Michigan's compliance with those requirements.

In our opinion, Holland Charter Township, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

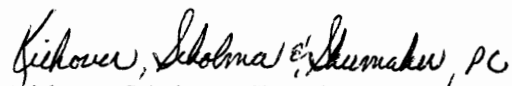
The management of Holland Charter Township, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Holland Charter Township, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of and for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Holland Charter Township, Michigan's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

HOLLAND CHARTER TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

<u>Federal Agency/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Interior				
Passed through the Michigan Department of Natural Resources:				
Outdoor Recreation - Acquisition, Development and Planning				
Quincy Park Little League Complex	15.916	26-01612	\$ 500,000	<u>\$ 500,000</u>
 U.S. Department of Housing and Urban Development				
Passed through the Michigan Economic Development Corporation:				
Community Development Block Grants/States Program				
Lakeshore Vision and Robotics, LLC Business Loan Project	14.228	MSC 204006-EDIL	215,000	190,235
Boar's Head Provisions Company Infrastructure Project	14.228	MSC 204062-EDIG	1,057,000	216,000
Agritek Industries/Walway Enterprises Infrastructure Project	14.228	MSC 204078-EDIG	150,000	<u>147,500</u>
 Total U.S. Department of Housing and Urban Development				<u>553,735</u>
 Total Expenditures of Federal Awards				<u>\$ 1,053,735</u>

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the fund-basis financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

**HOLLAND CHARTER TOWNSHIP, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005**

A - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued

Unqualified on financial statements

Internal controls over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal controls over major programs:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section 510(a)?

_____ yes X no

Identification of Major Programs

CFDA Number(s)

15.916
14.228

Name of Federal Program

Outdoor Recreation - Acquisition, Development and Planning
Community Development Block Grants / States Program

Dollar threshold used to distinguish
between Type A and Type B programs:

 \$ 300,000

Auditee qualified as low-risk auditee?

_____ yes X no

B - FINANCIAL STATEMENT FINDINGS

None

C - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

D - PRIOR AUDIT FINDINGS

None